

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EUR-12 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 SP-02
LAB-04 SIL-01 OMB-01 AGRE-00 STR-04 /069 W
-----110640Z 116670 /15

R 110023Z MAR 77

FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 0828
INFO TREASURY WASHDC

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E. O. 11652: N/A
TAGS: EFIN MX
SUBJECT: PUBLIC SECTOR EXTERNAL BORROWING

1. PEMEX EURODOLLAR LOAN HAS BEEN OVERSUBSCRIBED AND WILL AMOUNT TO \$350 MILLION. LOAN AGREEMENT IS TO BE SIGNED IN LONDON ON MARCH 21. SYNDICATE LED BY CITIBANK AND CHASE. MANAGING GROUP HAS SOLD OFF ABOUT 50 PERCENT OF THE LOAN. CHASE REPRESENTATIVE BELIEVES THAT LOAN HAS BEEN WELL RECEIVED, BUT NOTES THAT PEMEX IS THE BEST NAME MEXICO HAS TO PUT INTO MARKET.

2. WE HAVE HEARD FROM OTHER BANKERS THAT MEXICAN TREASURY MADE LOTS OF CALLS TO URGE BANKS PARTICIPATION IN THIS LOAN.

3. WE ARE NOT AWARE OF ANY OTHER PUBLIC SECTOR SYNDICATED LOAN READY FOR THE MARKET. MOST NEW BORROWING IS REPORTEDLY SHORT TERM AND MAY NOT EXCEED MATURING DEBT.

4. APPARENTLY THE CURRENT ACCOUNT DEFICIT IS RUNNING AT A CONSIDERABLY LOWER LEVEL THAN LAST YEAR. EXPORTS ARE SAID TO BE RUNNING ABOVE LAST YEAR, THANKS TO COFFEE, WHEREAS IMPORTS ARE RUNNING BELOW YEAR EARLIER LEVEL.

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WE HAVE ALSO HEARD FROM TREASURY SOURCE THAT LIABILITIES OF PRIVATE BANKS HAVE INCREASED EIGHT BILLION PESOS IN FIRST TWO MONTHS OF 1977. THIS MIGHT REFLECT SOME REPATRIATION OF DOLLARS.

5. AS THERE DO NOT APPEAR TO HAVE BEEN ANY NET PROCEEDS FROM FOREIGN BORROWING THUS FAR IN 1977, AND THE BANK

OF MEXICO REPORTEDLY REMAINS OUT OF THE FOREIGN EXCHANGE MARKET IT WOULD APPEAR THAT THE RELATIVE STABILITY OF THE EXCHANGE RATE OVER THE PAST SIX WEEKS REFLECTS A REDUCED CURRENT ACCOUNT DEFICIT OFFSET BY LIMITED COMMISSIONS OF DOLLARS BY INDIVIDUALS AND COMPANIES. ASSUMING THAT THE CURRENT ACCOUNT DEFICIT IS RUNNING AT AN ANNUAL RATE OF ONE BILLION DOLLARS, CAPITAL REFLWS WOULD BE RUNNING ABOUT \$83 MILLION A MONTH. THIS IS NOT A SIGNIFICANT AMOUNT COMPARED TO AN ESTAIMTED CAPITAL OUTFLOW LAST YEAR OF \$3-4 BILLION.

THOMPSON

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Message Attributes

Automatic Decaptoning: X
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Copy: SINGLE
Sent Date: 11-Mar-1977 12:00:00 am
Decapton Date: 01-Jan-1960 12:00:00 am
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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SAS ID: 3136766
Secure: OPEN
Status: NATIVE
Subject: PUBLIC SECTOR EXTERNAL BORROWING
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